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Transpacific Space Charter Agreement  
FMC No. 011815-002

Second Revised Page No. 1

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OFFICE OF THE SECRETARY  
FEDERAL MARITIME COMM

## Transpacific Space Charter Agreement

between

1. Hapag-Lloyd Container Linie GmbH (HL)
2. Nippon Yusen Kaisha (NYK)
3. Orient Overseas Container Line Limited,  
Orient Overseas Container Line Inc. and  
Orient Overseas Container Line (Europe) Limited (acting  
as one Party) (OOCL)
4. P&O Nedlloyd Limited/P&O Nedlloyd BV (as one Party)  
(PONL)

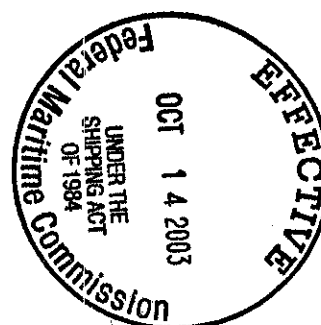
(Hereinafter referred to collectively as the Grand Alliance Lines and  
individually as a Grand Alliance Line)

and

COSCO Container Lines Company, Limited

A Space Charter Agreement

Termination: See Article 3



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This Agreement is made the 6th day of August, 2002 between the following:

**Parties**

**A. The Grand Alliance Lines whose members are:**

**Hapag-Lloyd Container Linie GmbH**  
Ballindamm 25,  
20095 Hamburg,  
Germany

**(HL)**

**Nippon Yusen Kaisha**  
3-2 Marunouchi 2-chome,  
Chiyoda-ku,  
Tokyo 100, Japan

**(NYK)**

**Orient Overseas Container Line Limited,  
Orient Overseas Container Line Inc. and  
Orient Overseas Container Line (Europe) Limited (acting as one line)**

31/F, Harbour Centre,  
25 Harbour Road, Wanchai,  
Hong Kong

**(OOCL)**

**P&O Nedlloyd Limited/P&O Nedlloyd BV**  
**(acting as one line)**  
Beagle House, Braham Street,  
London E1 8EP, England

**(PONL)**

The Grand Alliance Lines are individually called "Charterer" and collectively called "Charterers".

and

**B. COSCO Container Lines Company, Limited (COSCON)**  
378, Da Ming Road (East)  
Shanghai  
People's Republic of China

hereinafter called "Owner".

Whereas

(A) Owner has excess space available in its services in the Trade, as defined below.

(B) Charterers are desirous of chartering space from Owner in the Trade.

**1. Interpretation**

- 1.1 Headings in this Agreement are used for reference only and shall not be taken into account for the legal interpretation of the respective clauses.
- 1.2 This Agreement represents the full understanding between the Parties and the matters set out herein may not be altered, varied or modified except by written instrument signed by the duly authorised representatives of all the Parties hereto and filed with the Federal Maritime Commission.

**2. Condition precedent**

- 2.1 The provisions of this Agreement, to the extent applicable to ocean common carrier services and operations in the foreign commerce of the United States, will not be implemented with respect thereto, until the Parties have complied with the provisions of the United States Shipping Act of 1984, as amended, or any successor statute and Parties will do everything necessary to comply with requirements of any other regulatory and governmental bodies, agencies and institutions.

**3. Duration/Termination**

- 3.1 This Agreement will take effect when effective in accordance with the provisions of the Shipping Act of 1984, as amended and will be implemented on the date this Agreement becomes effective under the Shipping Act of 1984, as amended.
- 3.2 This Agreement shall have an indefinite term; provided, however, that the Owner or Charterers may give three months' notice of withdrawal from the Agreement provided that such notice may not be given until three months after the effective date.
- 3.3 This Agreement may be terminated at any time by mutual agreement.

**4. Trade/geographical scope**

- 4.1 The scope of this Agreement is between ports in the People's Republic of China, Hong Kong, Taiwan, Korea and Japan, on the one hand, and the West Coast of North America (including Canada and Mexico), on the other hand.<sup>1</sup>

<sup>1</sup> The inclusion of non-U.S. trades within the scope of this Agreement does not subject such trades to the U.S. Shipping Act, as amended, or to the jurisdiction of the FMC.

**5. Space Charter and Allocations**

- 5.1 The Owner shall charter a maximum of 1,000 slots (10.5 tonnes per TEU) of space per week to the Charterers. The space shall be paid for by Charterer whether used or unused in such amounts as the Parties

may from time to time agree. The allocation to Charterer and for which Charterer shall be financially responsible under this Agreement can be revised from time to time by agreement between the Owner and the Charterer(s).

- 5.2 The Owner will make at least twenty (20) reefer plugs available to Charterers each week subject to additional charges as agreed by the Parties. The Charterers shall agree upon distribution of reefer plugs among themselves from time to time.

**6. Use of Space**

- 6.1 Charterers shall be entitled to use their Slot allocation without any geographical restrictions regarding the origin or destination of the cargo. There shall be no priorities for either full, empty, wayport/interport or breakbulk cargo.
- 6.2 Charterers shall be entitled to lift up to the limit of the Slot allocation or the equivalent tonnes per Slot whichever limit is reached first.
- 6.3 Owner allows Charterers to exchange space between Charterers within their allocation. However, Charterers shall not have the right to sub-charter Slots to any other third party.
- 6.4 In the event that Charterer requires additional space from the Owner, then it may request additional Slots on an ad hoc basis. The Charterer shall be liable for payment of the additional Slots sold, whether used or unused.
- 6.5 In the event that each Charterer does not require its full Committed Slot allocation and cannot sub-charter Slots to the other Charterers, then it may offer such Slots back to Owner but Owner shall be under no obligation to repurchase Slots but if they do so then the re-purchase shall be on a used/not used basis.
- 6.6 All purchases of Committed Slots or Ad Hoc Slots under these arrangements will be made at 10.5 tonnes per Slot unless otherwise agreed by the Owner.
- 6.7 Sale of unused slots by Charterer or excess slots by Owner shall be on such financial terms as the Parties may from time to time agree.

**7 Financial Arrangements**

- 7.1 The Parties shall agree on the amount to be charged for Slots sold under this Agreement and on the means by which Slot payments from Charterer will be collected Owner.

- 7.2 Nothing herein authorizes the Parties to discuss or exchange vessel operating cost information.

## **8 Liabilities**

- 8.1 The Parties shall agree on provisions relating to liability in the separate working procedures.

## **9 Separate marketing**

- 9.1 Each Party (and each Grand Alliance Line) shall retain its separate identity and shall have separate sales, pricing and marketing functions. Charterer shall issue its own Bills of Lading.

## **10 Administration**

- 10.1 The Parties will develop procedures to handle the day-to-day operational requirements of the space charter.
- 10.2 The communication channels, systems and procedures as well as other general items dealing with the day-to-day work for operation pertaining to the space charter not otherwise covered under this Agreement shall be specified in separate working procedures. This Agreement shall be administered and implemented by meetings, decisions, memoranda and communications between the Parties to enable them to effectuate the purposes of this Agreement. The Parties are further authorised to obtain, compile, maintain and exchange information related to operations in the Trade, only in so far as the information is necessary for the implementation of this Agreement and, subject to the confidentiality obligations of any Party.
- 10.3 The following individuals shall have the authority to file this Agreement and any modifications thereto with the Federal Maritime Commission, as well as the authority to delegate the same:
- (a) any authorized officer or representative of a Party, and
  - (b) legal counsel for each of the Parties.
- 10.4 Except for routine operational and administrative matters, in accordance with 46 C.F.R. Section 535.407, amendments to this Agreement shall be filed and become effective prior to implementation thereof.

## **11 Non-Assignment**

- 11.1 The rights and obligations of Charterer under the Agreement herein shall not be assignable except to subsidiaries, parent companies or

fellow subsidiaries or with the prior unanimous agreement of all Parties. Charterer shall warrant that any subsidiary or fellow subsidiary to which any assignment is made shall not be sold to another Party.

## **12 Force Majeure**

- 12.1 In circumstances such as but not limited to the event of war, whether declared or not, hostilities or the imminence thereof, act of public enemies, restraint of princes, rulers or people, or compliance with any compulsorily applicable law or governmental directive, boycott against flag, political ban or other events which render the Agreement wholly or substantially impracticable, the Agreement shall not thereby be terminated, but (subject always to the various provisions for termination of this Agreement as set out in Clause 3) the performance thereof shall be suspended (in whole or in part as appropriate) until such time as the performance thereof is again practicable, without prejudice to any rights, liabilities and obligations accrued at the date of suspension. Should the Agreement be wholly suspended for a period exceeding six (6) calendar months from the date of commencement of such suspension the Agreement shall terminate.
- 12.2 In the event that a Party considers that any cause, happening or event not within its control substantially impairs its ability to enjoy its rights or carry out its, or other Parties', obligations under this Agreement then, at its request, the Parties shall meet together with all reasonable dispatch in order to consider such adjustment of the terms hereof as may be mutually acceptable.

## **13 Language**

- 13.1 This Agreement and all notices, communications or other writing shall be in the English language and no Party shall have any obligation to translate such matter into any other language. The wording in the English language shall prevail.

## **14 Notices**

- 14.1 Any notice or other communication which one Party hereto may require to give or to make to the other Parties under the Agreement shall, unless otherwise specifically provided herein, be written in English and sent by mail or facsimile with copy by mail, to the points of entry and addresses of each of the other Parties as set out in the working procedures.

## **15 Disclaimer of Partnership**

- 15.1 This Agreement does not create and shall not be interpreted as creating any partnership, joint venture or agency relationship among the Parties, or any joint liability under the law of any jurisdiction.



## **16 Law and Arbitration**

- 16.1 This Agreement shall be governed by and construed in accordance with the laws of England and each Party hereby submits to the jurisdiction of the English Courts.
- 16.2 All disputes or differences arising under this Agreement which cannot be amicably resolved shall be referred to arbitration in England in accordance with the Arbitration Act 1996 together with LMAA (London Maritime Arbitration Association) terms.
- 16.3 The Parties agree to appoint a single/sole arbitrator, having appropriate commercial and consortia experience, within 21 days of any Party seeking an appointment. If any Party should so request, a panel of three arbitrators shall be appointed. Should there be no agreement on the appointment within the said 21 days, then the LMAA President will appoint a single/sole arbitrator (or a panel of three arbitrators, as appropriate) at the request of any Party.
- 16.4 The Parties further agree:-
- Where the amount in dispute is US\$ 200,000 or less, the arbitration will proceed on a documents and written submission basis only. However, oral evidence will be allowed exceptionally and at the discretion of the arbitrator(s).

## **17. Severability**

- 17.1 If any provision of this Agreement, as presently stated or later amended is held to be invalid, illegal or unenforceable in any jurisdiction in which this Agreement is operational then this Agreement shall be invalid only to the extent of such invalidity, illegality or unenforceability and no further. All remaining provisions hereof shall remain binding and enforceable.

Transpacific Space Charter Agreement  
FMC Agreement No. 011815-001.

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## Signature Page

In Witness Whereof, the Parties have set their hands on the day and year first above written:

For and on behalf of Hapag-Lloyd Container Linie GmbH

Name:

Title:

*Wayne R. Rothbe*  
WAYNE R. ROTHBE  
ATTORNEY-IN-FACT

For and on behalf of Nippon Yusen Kaisha

Name:

Title:

*Wayne R. Rothbe*  
WAYNE R. ROTHBE  
ATTORNEY-IN-FACT

For and on behalf of Orient Overseas Container Line Ltd for all carriers  
operating under the trade name, Orient Overseas Container Line (as one Party)

Name:

Title:

*Wayne R. Rothbe*  
WAYNE R. ROTHBE  
ATTORNEY-IN-FACT

For and on behalf of P&O Nedlloyd Limited/P&O Nedlloyd BV (as one Party)

Name:

Title:

*Neal M. Mayer*  
NEAL M. MAYER  
ATTORNEY-IN-FACT

For and on behalf of COSCO Container Lines Company, Limited

Name:

Title:

*Sam Antunovic* A.V.R. 5/15/03

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FMC Agreement No.

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**Signature Page**

In Witness Whereof, the Parties have set their hands on the day and year first above written:

**For and on behalf of Hapag-Lloyd Container Linie GmbH**

Name:  
Title:

**For and on behalf of Nippon Yusen Kaisha**

Name:  
Title:

**For and on behalf of Orient Overseas Container Line Ltd for all carriers operating under the trade name, Orient Overseas Container Line (as one Party)**

Name:  
Title:

**For and on behalf of P&O Nedlloyd Limited/P&O Nedlloyd BV (as one Party)**

Name:  
Title:

**For and on behalf of COSCO Container Lines Company, Limited**

Name:  
Title:

*Sam Contino*  
*8/6/02*

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